



Office of Cannabis Management

# 2023 CHIEF EQUITY OFFICER ANNUAL REPORT



OFFICE OF CANNABIS  
MANAGEMENT

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# Executive Summary

## *Purpose of the Report*

The Office of Cannabis Management (the Office) is committed to building an equitable and economically durable cannabis industry. This is an agency-wide effort, and social and economic equity is a consistent priority across the agency. This report details the progress made by the Chief Equity Officer and the Social and Economic Equity (SEE) Team during the 2023 calendar year.

This report provides the public with an update of the implementation of the Social and Economic Equity (SEE) Plan, which was released on May 11, 2023, in accordance with Section 12(3) of the Cannabis Law. The SEE Team has been working to create an equitable and viable cannabis industry. Over the past year, the team has conducted research, engaged with community members, provided regulatory oversight, and developed programs and initiatives in economic development, policy, research, small business support, and business incubation.

## *Key Updates*

### **Staffing Update**

- The SEE Team consists of 3 Deputy Directors, 8 permanent staff members, and 5 temporary staff members who work on initiatives and programs related to economic development, policy, research, small business services, and business incubation.
- The staff members bring subject matter expertise in various fields including commercial cannabis, agricultural policy, criminal and racial justice, education, and economic development.
- The team has also prioritized diversity, talent, and multilingualism in its hiring process, and many of its members have personal connections to the communities they are serving.

### **Social and Economic Equity Plan**

- On May 11, 2023, the Board voted to approve the Office's Social Equity and Economic (SEE) Plan. The purpose of the SEE Plan is to identify, describe, and broadcast the Office's policy priorities related to social and economic equity.

### **Adult-Use Regulations**

- Following two thorough public comment periods in which the SEE Team reviewed over 100 comments related to Section 87 of the Cannabis Law, the revised Adult-Use regulations were approved by the Cannabis Control Board (the Board) on September 12<sup>th</sup>, 2023.

### **Seeding Opportunity Initiative**

- The SEE Team developed and implemented the Cannabis Compliance Training and Mentorship Program (CCTM) to prepare experienced cannabis cultivators and food and

beverage processors to transition to a well-regulated adult-use cannabis market. Approximately 40 unique webinars were completed for 241 CCTM participants between January and April 2023.

### **Communities Disproportionately Impacted (CDI)**

- Following over a year of rigorous data analysis, the Office, in consultation with the Cannabis Advisory Board, arrived at a determination for how to assess an applicant's eligibility of a claim that they are from a CDI by the enforcement of cannabis prohibition.
- To identify CDIs, OCM analyzed the population and number of arrests by census tract over a period of time. OCM relied on arrest data from the Division of Criminal Justice Services and decennial census surveys (1980, 1990, 2000, 2010, and 2020) to determine the arrest rates for a particular census tract.
- On October 3, 2023, the Office officially released the CDI maps as well as additional detailed information about the application process for qualifying as a CDI applicant.

### **Promoting Access to Licensure**

- The application window for non-provisional adult-use retail dispensary and microbusiness licenses closed on November 17, 2023. The Office received approximately 1,500 retail dispensary applications with 77% applying as SEE and over 350 microbusiness applications with over 70% applying as SEE.
- The high proportion of SEE applicants affirms that the adult-use licensing application framework developed by the Office was accessible and affordable to a broad pool of interested entrepreneurs. When combined with a deliberate and extensive public outreach campaign and comprehensive application support, a representative and diverse pool of applications was achieved.
- On October 3, 2023, the SEE Team trained and engaged over 60 Technical Assistance Providers (TAPs) to provide application support to over 800 SEE applicants seeking assistance.
- Through a Request for Assistance (RFA) posted online on October 17, 2023, up to \$50,000 in grant support was made available to eligible TAPs to support efforts made in assisting applicants navigate the process.

### **Medical Cannabis & Registered Organization Expansion**

- In May 2023, the SEE Team identified and publicly released areas across the state that are medically unserved and underserved, a crucial step in expanding the medical program to a new cohort of registered organizations and expanding existing medical operators.
- In September 2023, the Office made the Registered Organization (RO) Application available for viewing to expand access to medical cannabis in New York. Applications opened on October 31, 2023.

### **Banking and Financial Institution Access**

- Throughout 2023, the SEE Team educated legislators about the challenges of cannabis banking and the need for frictionless exchange of information related to cannabis accounts to assist the customer.

- In November 2023, Governor Hochul signed into law Senate Bill S1047, legislation that streamlined banking compliance between licensed cannabis business and financial institutions.

### **SEE Adult-Use Licenses**

- Due to the very recent closing of the adult-use application period, the SEE Team intends to release the full demographic and SEE breakdown of all applications in 2024.

### **Technical Assistance and Training Programs**

- From February through August 2023, the SEE Team launched and completed the first cohort of the CAURD Retail Accelerator program.
- The CAURD Retail Accelerator delivered 40 distinct workshops, 20 weeks of online pre-recorded content, consultations with financial specialists, one-on-one mentoring, and individualized pro formas to 300 CAURD licensees.
- Currently, the SEE Team is pursuing a contract expansion to provide the same critical education and mentorship to an additional 450 CAURD and SEE retail licensees through the end of 2024.
- The SEE Team launched the Distressed Farmer Transition Program in October 2023, which included six training sessions highlighting topics including GMP certification, true parties of interests and investments, distressed farmer certification, minimal processing, Biotrack (seed-to-sale), and microbusiness transition.

## **I: Social and Economic Equity Plan Implementation**

The Cannabis Control Board is tasked with the development and implementation of a social and economic equity plan in accordance with Section 87 of the Cannabis Law. This responsibility is carried out in consultation with the Chief Equity Officer and Executive Director and followed the receipt of public input. The goals of the plan include the promotion of racial, ethnic, and gender diversity when issuing licenses and the promotion of diversity in commerce, ownership and employment, and opportunities for social and economic equity in the regulated cannabis industry.

The SEE Plan was adopted on May 11, 2023, after many months of community engagement, data gathering, research of national social equity trends, and program development. The SEE Plan is a living strategic document that will be adjusted and amended to reflect New York's evolving cannabis landscape.

The implementation of the SEE Plan is based on the following pillars:

- Bringing to life an industry that gives small, independent businesses an opportunity to compete.
- Building relationships and trust within the communities most impacted through educational and social programming.
- Investing resources including grants, loans, and technical assistance to equip SEE groups with the support needed to thrive in the New York State cannabis market.
- Educating communities on their rights in accordance with the Cannabis Law and regulations.
- Collecting data and evolving programming to adapt to the equity needs of the industry.

## **Recommendations**

The Social and Economic Equity team made several short-, medium- and long-term recommendations to guide the growth of New York State's legal cannabis market. Balancing economic opportunities, public health concerns, and social equity objectives necessitates a nuanced approach. These recommendations delve into key aspects of cannabis policy, addressing regulatory frameworks, taxation strategies, community involvement, and social justice initiatives to lay the groundwork for effective legislation in New York.

Recommendations are divided into three categories based on the SEE Plan's pillars:

- ❑ **Market Architecture:** Commitment to developing a well-balanced supply chain, a well-paced licensing roll-out, public health and safety considerations, and economic development considerations, all of which are critical in a healthy, equitable, and successful legal cannabis market.
- ❑ **Access and Business Viability:** Promoting access and business viability by removing barriers to licensure for SEE applicants and small business owners and expanding access to meaningful business supports.
- ❑ **Consumer and Community Engagement:** Prioritizing consumer and community needs by facilitating ongoing dialogue and incorporating feedback into Office initiatives.

## **II: Market Architecture**

### ***Communities Disproportionally Impacted***

According to the Cannabis Law, New York's cannabis industry must serve communities disproportionately impacted. The Board is tasked with defining what constitutes a community disproportionately impacted (CDI) by cannabis prohibition enforcement in consultation with the Chief Equity Officer, Executive Director, and the Cannabis Advisory Board. Individuals from CDIs will have their applications prioritized for consideration, among other supports.

The identification of CDIs is central to the Cannabis Law's restorative justice framework. A CDI is defined in Section 87 of the Cannabis Law as "a history of arrests, convictions, and other law enforcement practices in a certain geographic area, including, but not limited to, precincts, zip codes, neighborhoods, and political subdivisions, reflecting disparate enforcement of cannabis prohibition during a specific time period relative to the rest of the state" (N.Y. CANBS, section 87(5)(g)). The Office and SEE Team collaborated with the New York State Division of Criminal Justice Services to obtain arrest data to better understand how a history of arrests could play a role in the identification of a CDI.

Under the direction of the SEE Team, the Office analyzed cannabis-related arrest records from 1980 to 2021 by race, ethnicity, felony, misdemeanor, and the individual's residence at the time of arrest. Residential address records were geocoded into latitudinal and longitudinal coordinates and assigned to the corresponding census tract, which typically contains 1,200 to 8,000 people, allowing arrest data to be compared across populations that are relatively similar. The Office was



able to determine the arrest rates for the state as a whole and local census tracts using data from arrests and decennial census surveys.

The Office designated an area as a CDI when the local arrest rate significantly exceeded the state arrest rate. According to the CDI census tracts, approximately one-quarter of New York State's population has been arrested three quarters of the time over the last four decades. [An interactive map of CDIs is available](#) to assist potential applicants in determining whether they qualify as a SEE applicant as a CDI individual.<sup>3</sup>

## ***Adult-Use Regulations***

The SEE Team led and contributed to a number of adult-use provisions that are critical in prioritizing and maintaining equity in New York's cannabis market. The SEE Team also took the lead in incorporating public feedback and consulting SEE stakeholders to ensure that regulations reflect the needs of a diverse array of New Yorkers, such as:

### **Recommendation: Protect New York's Two-Tiered Market**

The Cannabis Law establishes a two-tier market for the adult-use cannabis industry, which is reinforced by regulations that prohibit businesses from operating on both the retail and supply sides. This system, modeled after the alcohol industry, allows small, independent businesses to enter the cannabis market and compete with larger, more established companies. The SEE team has worked closely with the Policy and Compliance divisions to ensure this strict division is upheld through the adult-use regulations.

### **Recommendation: Maintain Proactive Enforcement and Oversight of Ownership Rules**

The True Party of Interest (TPI) framework is designed to protect the integrity of the two-tier cannabis market and establish procedures for monitoring and enforcing ownership restrictions. TPI identifies persons and entities with a direct or indirect stake in a license. The regulations require licensees to provide periodic reports on ownership arrangements, management-service agreements, and vendor contracts, as well as conducting regular compliance inspections and financial audits. For example, a goods and services provider receiving greater than 10% of gross revenue will be deemed a TPI under the regulations even when the licensee does not recognize them as a pre-specified owner of the license. Establishing effective procedures for tracking and confirming compliance with ownership restrictions in the cannabis law is an essential component of building an equitable, level playing field. The adult-use regulations empower the Office to take various actions, such as suspending, canceling, or revoking a license, debarring a person from licensure, and denying license renewal or changes, when a licensee or its true parties of interest fail to comply with ownership or interest rules, whether directly or indirectly. Ensuring compliance with TPI requirements is necessary for safeguarding the independence and autonomy of NYSEE licensees. These regulations provide visibility into the market and protect the ownership interests of an industry built by small businesses.

### **Recommendation: Strengthen Protections Against Predatory Practices**

SEE applicants are required by New York's regulations to demonstrate "sole control". SEE-qualifying individuals or groups must prove they exercise authority over the business and have a significant influence on day-to-day decisions. They must have at least 51% equity share in the business. It is prohibited for anyone other than the SEE applicant to control majority of voting rights or retain the authority to remove the applicant. This measure is intended to protect applicants and licensees from predatory practices and to guarantee that they have the necessary autonomy over their businesses.

### **Recommendation: Social & Economic Equity Assessment Tool**

Adult-use applicants and licensees in New York must demonstrate commitment to the Cannabis Law's SEE goals as part of the application process. Such a commitment can be demonstrated through the development and execution of a community impact plan. A community impact plan must show how an applicant or licensee intends to benefit communities and individuals from communities that have been disproportionately impacted by the enforcement of cannabis prohibition.

The SEE Team examined community impact plans for registered organizations (ROD/ROND) interested in transitioning to the adult-use market. The plans underwent a comprehensive review process for compliance with the adult-use regulatory requirements. The Office will continue to monitor ROD/ROND licensees' implementation of their respective community impact plans as well as adherence to the targeted performance measurements provided, to ensure that the legal market lives up to its promise of positively serving communities disproportionately impacted.

## **Adult-Use Licenses**

### **Recommendation: Pace Licensing Roll-Out to Ensure Market Stability**

As stated in the SEE Plan, the stability of the New York cannabis market is crucial to the success of SEE licensees, who frequently lack the financial resources to withstand the typical market volatility of new legal markets. In determining the adult-use licensing strategy for the state's first general adult-use application window, the Office considered total licensed canopy square footage in relation to the total available retail shelf space. To ensure the largest number of market participants, the Office designated the issuance of cultivation licenses to applicants and AUCC transitions to microbusiness and lower tier cultivation license types.

Throughout 2023, CAURD application processing was slowed or halted due to ongoing litigation. The creation and implementation of the Cannabis Growers Showcase (CGS) program assisted in drawing down some excess inventory, but it was not entirely sufficient to drive the volume of sales required to materially impact the current surplus. The Office set a goal of issuing a significant number of additional retail licenses during the first adult-use application window to balance the market between supply and retail licenses.

In addition to difficulties in finding qualified locations, capital constraints in the broader market have made it difficult for many licensees to secure the funding required to build their businesses, slowing the pace of new store openings even further. The Office intends to accelerate the pace



of retail authorization by significantly increasing the number of licenses made available through general licensing and allocating a limited number of licenses to applicants who have already secured a location.

## II. Access and Business Viability

### *Cannabis Compliance Training and Mentorship Program (CCTM)*

#### **Recommendation: Reduce Barriers to Entry and Clear the Pathway to Licensure**

The Cannabis Compliance Training and Mentorship (CCTM) Program effectively lowered entry barriers for groups hesitant to enter the highly regulated cannabis market. With an impressive graduation rate of 97.1%, the program successfully trained 241 participants, encompassing legacy cultivators, processors, traditional farmers, and food and beverage manufacturers. To encourage participation from growers and processors operating in the unregulated cannabis market, the SEE Team introduced an anonymous application process, allowing applicants to provide detailed information without fear of legal repercussions tied to their previous operations.

The 10-week training program consisted of webinars covering a broad spectrum of topics, including Cannabis Business Accounting, Labor Laws, Agricultural Human Resources, Environmental Controls, Plant Genetics and Pathology, Track and Trace, Lab Testing, Recall Plans, and Good Manufacturing Practices. These webinars were supported by prestigious institutions such as the State University of New York (SUNY), SUNY Morrisville, Cornell University, and holders of Adult-Use Conditional Cultivator (AUCC) and Adult-Use Conditional Processor (AUCP) licenses. CCTM participants also had the valuable opportunity to be paired with AUCC or AUCP mentors, providing them with direct insight into the covered topics and how to operate their businesses in a well-regulated marketplace.

This program exemplified the SEE Team's commitment to fostering diversity within the industry by demystifying compliance rules and the responsibilities of operating in a regulated market. Participants in the Cannabis Equity Roundtable actively advocated for programs like CCTM to reduce entry barriers for legacy constituents and marginalized groups. Notably, approximately 66% of the 241 individuals in the inaugural cohort would be considered historically underrepresented in farm ownership and/or SEE applicants as per Section 87 of the Cannabis Law. Given the stark underrepresentation of Black, Indigenous, and People of Color (BIPOC) farmers and producers in New York State (only 1.3% of producers as per the 2017 Census of Agriculture), CCTM played a crucial role in granting underrepresented populations access to cannabis training and mentorship opportunities this year.

Despite operating in the grey market, many legacy entrepreneurs have established reputable brands and loyal customer bases. The Office aims to facilitate a smooth transition into the legal space for these entrepreneurs who have been operating in an unregulated market with limited public visibility. As expressed during a roundtable discussion in Rochester, one participant highlighted the trust associated with community legacy brands and their potential to connect with

the community. The prioritization of "persons who completed a workforce or training program offered by the Office" for microbusiness and processor adult-use license types reflects this critical community input and intends to foster trust and community connection in the legal market.

To date, over 150 CCTM graduates have submitted applications for adult-use microbusiness or processor licenses, with more than half qualifying for the program based on their experience in the pre-legal cannabis market. Additionally, there are promising early signs that New York's two-tier market framework has effectively facilitated the transition from legacy to legal operations. As outlined in the SEE Plan, an independent retail tier, supported by robust antitrust provisions, creates an equitable platform for small businesses and innovative brands to gain market share and long-term value. The prohibition on undue influence over retail shelf space has elevated the importance of community support, consumer demand, and brand recognition over traditional "slotting fees" and partnerships with well-capitalized brands. Many legacy New York cannabis brands have successfully accessed legal dispensary shelves and consumers through white-labeling agreements with conditional cultivators and processors.

## ***Our Academy x CAURD Accelerator Program***

### **Recommendation: Increase Access to Meaningful Business Support Services**

The CAURD Accelerator Program has taken substantial steps in equipping CAURD licensees for the successful launch and operation of their cannabis enterprises, extending intensive training and mentoring to up to 300 conditional retailers. Administered and funded by the Office from February through August, this program delivers comprehensive, hands-on assistance vital for the triumph of new entrepreneurs in the fiercely competitive retail cannabis market. It encompasses around 40 distinct workshops, consultations with finance experts, and personalized mentoring sessions.

Surveys conducted among CAURD licensees who completed the Accelerator program revealed highly positive feedback, indicating strong engagement levels in both live workshops and replayed recorded content. On average, the online course completion rate exceeded 70%, and licensees expressed a high likelihood of recommending the program to fellow business owners.

#### **Key Program Statistics:**

- 70+ Hours of teaching, via a total of 56 workshops:
  - 32 Live Zoom Workshops
  - In-Person Workshops (at the Soho Works Event in NY)
  - 7 Pre-recorded Workshops posted directly to our LMS platform
  - 12 Vendor Demo Seminars
- 44 Workshops and Demos edited & posted to platform for replay, with supporting learning content (including quizzes, worksheets, and other resources).
- 350+ Touchpoints (Office Hour meetings, calls, email exchanges – outside of weekly workshops) with licensees by OA staff & SMEs
- 130 licensees have utilized office hours
- 40 Licensees (100% of those who completed the mentorship application survey) paired with one-on-one mentors
- 45 licensees have engaged with the bespoke pro forma model service offering

- 55 participants on average per live zoom workshop
- Average workshop duration of 104 minutes, longest workshop had 164-minute runtime

To build upon the success of the Accelerator, the Office is actively pursuing an expansion of the contract, extending the term through September 2024, and extending the same crucial education and mentorship to an additional 450 CAURD and SEE retail licensees. In full alignment with the Cannabis Law's mandate to provide comprehensive education and technical support to SEE licensees, this program places significant emphasis on critical topics, including capital raising, retail compliance requirements, and the development of advanced technical and financial business documents.

## ***Banking and Financial Institution Outreach***

### **Recommendation: Underwrite Default and Loan Loss Risks for Commercial Lenders**

In alignment with its ongoing mission to enhance accessibility to banking and traditional financing, the Office presented testimony before the Assembly Standing Committee, underscoring the significance of affordable financial services for cannabis businesses across New York State. The Office emphasized the necessity for financial institutions to commit substantial resources to establish cannabis divisions that adhere to the limited and frequently evolving federal guidelines as outlined in existing memoranda and guidance. Furthermore, the Office articulated its goal of actively promoting commercial loans to cannabis enterprises, recognizing the scarcity of private capital and the associated risks of predatory practices.

The Office made the following recommendations to the Standing Committee:

1. ***Addressing risk to encourage loans:*** In conversations with financial institutions, the Office raised the issue of lending to cannabis businesses. Many banks indicated that their primary concern when considering such loans is not federal scrutiny but rather the risk of defaults by new businesses in emerging markets with limited collateral. The SEE Team suggested that the state could assume some risk to incentivize commercial lenders to extend loans to high-risk borrowers, drawing from successful existing programs as a model.
2. ***Access to information:*** Financial institutions require regulator-provided information for both onboarding and ongoing compliance. Streamlining and expediting the flow of information, with licensee consent, is in the best interest of licensees. The Office is actively working to establish an information sharing system to support the onboarding process and meet the compliance needs of financial institutions.
3. ***Greater transparency and competition:*** The Office is compiling a comprehensive directory of New York-based financial institutions that serve cannabis businesses. The directory's effectiveness and utility to licensees depend on the breadth of information, including services and pricing. However, concerns about federal scrutiny have deterred some financial institutions with established cannabis practices from publicizing their roles in the industry.

4. ***Open communication:*** Financial institutions require a regulatory partner and a channel for sharing systemic compliance concerns, as well as individual queries about observed non-compliance. Strengthening open and consistent communication lines will foster trust in the Office and provide valuable insights as the cannabis industry rapidly expands in New York State in the coming years.

These recommendations align with the agency's financial and investment initiatives for 2024, particularly those aimed at mitigating sector-wide risk and stimulating commercial lending through robust loan underwriting and educational efforts targeting both traditional and non-traditional investor groups interested in the legal cannabis industry. In summary, the testimony and hearing underscored the recognition within the entire New York State government that the cannabis industry faces financial challenges, and all stakeholders are collaboratively working to identify pragmatic solutions.

Governor Kathy Hochul recently signed legislation aimed at facilitating banking compliance between licensed cannabis businesses and financial institutions, a result of the testimonies and efforts led by the Office, the SEE Team, and various champions of cannabis equity statewide. This cannabis banking bill in New York authorizes the Office to share information about cannabis license holders or applicants with financial institutions, provided that the individuals consent to the release of such information. The bill's objective is to simplify compliance with reporting requirements mandated by the state's cannabis regulations, playing a critical role in the Office's mission to ensure that licensees have access to financial services in New York State.

## ***Cannabis Hub and Incubator Program (CHIP)***

### **Recommendation: Reduce Barriers to Entry and Clear the Pathway to Licensure**

The Cannabis Hub and Incubator Program (CHIP) plays a pivotal role in lowering barriers to entry for individuals interested in obtaining an adult-use license. Through the provision of technical assistance support, the Office has successfully expanded the pool of license applicants.

***SEE Application Technical Assistance Program:*** The SEE Plan proposed a technical assistance program to aid SEE applicants. Recognizing the urgency of providing technical support to SEE applicants navigating the complex application process, especially with the opening of adult-use cannabis license applications on October 4, 2023, the SEE Team has forged strategic partnerships with Community-Based Organizations (CBOs), academic institutions, and key community stakeholders. This collaborative effort has resulted in the formation of a network of over 60 Technical Assistance Providers (TAPs), comprising both individual professionals and organizations dedicated to streamlining the application process.

To prepare partners adequately for the October application window, comprehensive training sessions were conducted in late September. These sessions, spanning two hours each, focused on SEE eligibility and trained technical assistance providers into SEE eligibility specialists. Additionally, TAPs provided applicants with FAQs, curated resource guides, and addressed specific topics frequently encountered in previous application rounds, such as TPI, location

changes, LLC acquisition procedures, and more. Technical assistance was made accessible to SEE applicants across the state, both in person and virtually.

As a result of this initiative, more than 700 potential SEE applicants sought assistance from the Office by the close of the December adult-use application window. The collaboration with TAPs underscores the Office's commitment to reducing barriers for SEE applicants and fostering inclusivity in the business landscape. Since the program's inception, the SEE Team has addressed over 250 unique questions from TAPs and community members.

***Request For Assistance Technical and Business Support Grant:*** In October, the Office issued a Request for Application ("RFA") for a technical assistance grant program aimed at supporting SEE applicants throughout the license and application process. This project ensures that SEE applicants, as mandated by the MRTA, and graduates of the Office's Cannabis Compliance Training and Mentorship Program ("CCTM"), gain access to specialized resources and one-on-one guidance both before licensure and during the application process. Furthermore, the program offered compliance training to assist SEE applicants in assessing the various business license types.

This grant program, marking the first phase of a broader, annual grant-supported services initiative, is set to include the development of the Office's Cannabis Hub and Incubation Program (CHIP). CHIP, among other offerings, will provide general and cannabis-specific business development services, retail accelerators, compliance training, cultivation and processing training, incubation services, financial guidance, legal assistance, on-site testing kitchens, community empowerment initiatives, and one-on-one mentorship for SEE applicants and aspirants.

This one-year grant opportunity commenced on October 1, 2023, and concludes on September 30, 2024, with eligible organizations able to apply for a maximum award of \$50,000. OCM intends to collaborate with and monitor eligible grantees, providing ongoing technical assistance during the license application process and compliance assistance services to encourage, nurture, and support SEE access and business sustainability. The Office is currently reviewing applications.

***Distressed Farmer Transition Program:*** In October, the SEE Team introduced the Distressed Farmer Transition Program, an educational and training initiative designed to assist AUCCs and AUCPs in their transitions to new adult-use licenses. Over a six-week period, six educational webinars covering various topics, including GMP certification, TPI and investment, distressed farmer certification, minimal processing, Biotrack, and microbusiness transition, were conducted. Following each training session, participants had the opportunity to engage in live Q&A sessions for 30 minutes.

On average, 120 AUCCs and AUCPs attended each session, and all presentation materials and training videos were made available to participants and those who may have missed the live sessions. The SEE Team intends to develop and launch similar compliance-based educational programs for licensed SEE growers, processors, and CCTM participants throughout 2024.

## ***Medical Cannabis***

### **Recommendation: Promote the Registration of Additional Organizations**

The Cannabis Law states that additional registered organizations (RO) must be registered to expand access to medical cannabis. Such organizations are required to reflect the demographics of the state, represent communities that have been disproportionately impacted by cannabis prohibition, and be culturally, linguistically, and medically competent to serve unserved and underserved areas of the state. (N.Y. CANBS § 35(9)). The Office is to determine how to address these requirements in a manner that considers the state's economic, social, and public health needs. The SEE Team has worked extensively to prioritize the registration of additional ROs to ensure the medical market is being diversified alongside the work being done to ensure representation in the adult-use program.

The Board initiated the application window for new ROs to participate in the medical cannabis market on October 31, 2023. This application represents the first opportunity for interested parties to apply for registration since the Department of Health initially opened the medical cannabis applications window in 2015.

The Office's objective is to expand the medical market and enhance patient access. In accordance with the Cannabis Law, the Board is tasked with granting registrations to RO applicants when it serves the public interest. RO applicants can demonstrate their commitment to public service through various means, including (1) demonstrating cultural, linguistic, and medical competence, (2) providing affordable products for patients, (3) adhering to fair labor practices, (4) protecting environmental sustainability, and (5) meeting diversity, equity, and inclusion goals. The Board and the Office prioritize the needs of patients by registering ROs dedicated to serving them as the medical market evolves.

## **III. Consumer and Community Engagement**

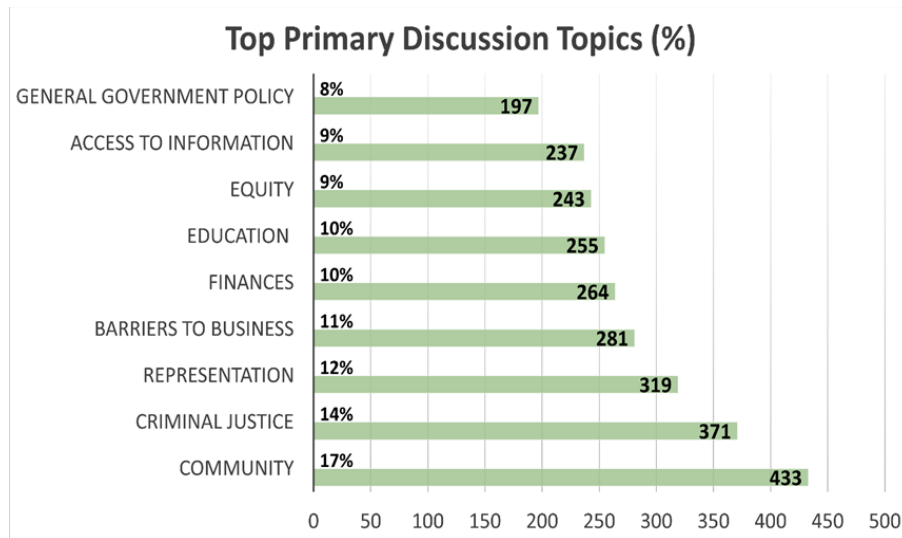
### ***SEE Plan Outreach***

#### **Recommendation: Maintain Stakeholder Engagement**

The SEE Team concluded the first round of Cannabis Equity Roundtables in January 2023. Through small group discussions, the SEE Team collaborated with community-based organizations to host 18 events where more than 400 New Yorkers shared their viewpoints, concerns, and recommendations.

On May 11, 2023, the SEE Plan was unveiled, drawing directly from local experiences. Below is a summary of the conclusions drawn from those discussions:





Following the release of the SEE Plan, the SEE Team held another round of Cannabis Equity Roundtables to present the SEE Plan's recommendations and findings. Over 15 conversations were held with previous roundtable participants, institutions, local governments, and elected officials as well as interagency working groups. The discussions focused on sharing SEE Plan findings and recommendations and gathering feedback that can be used to inform SEE initiatives and priorities.

## Adult-Use Licensing Tour

### Recommendation: Multilingual, Culturally Informed Public Education Campaigns

#### **Roadmap to Adult-Use Cannabis Licensing**

The SEE Team was a key partner in the Office's "Roadmap to Adult-Use" tour, which included over 20 workshops in every region of the state to assist potential adult-use cannabis licensees in navigating the adult-use application process. The Office provided information about how to receive application assistance for prospective social and economic equity applicants and answer any questions in real time from potential applicants about the application. Events were held in every region of the State, and the Office also provided virtual events for individuals to participate. Five virtual events and 16 in-person events were conducted in 2023.

#### **Conferences & Speaking Engagements**

Throughout 2023, the SEE Team attended dozens of cannabis and economic development conferences, events and panels. Local institutions, community-based organizations, New York state agencies, other city and state government cannabis entities, and national organizations collaborated on the conferences.

#### **February:**

- ☐ Office of Addiction Services and Supports (OASAS) Harm Reduction Office Hours

#### **March:**

- ☐ SUNY Morrisville CCTM Cannabis Exhibition Day
- ☐ CAURD Accelerator Kick-Off Event

**April:**

- ☐ New York University CannaPolicy: Careers in Cannabis Panel
- ☐ Minority Millennials & City & State NY “We Are the Future Summit”: The Future of Economic Development & DEI
- ☐ Manhattan CB10 & Marcus Meets Malcolm: “Higher Learning: Educating Harlem on Cannabis Forum”.
- ☐ MJ Unpacked NYC 2023 Conference
- ☐ Cannabis Regulators of Color Coalition: Annual Members Symposium

**May:**

- ☐ City & State Cannabis in New York Summit: Advancing Community Education and Equity in Cannabis
- ☐ CannaEvolution: Citrin Cooperman’s Annual Economic and Regulatory Summit
- ☐ Cannabis Association of New York (CANY) Cultivation Committee Town Hall
- ☐ Assembly Standing Committee On Economic Development, Job Creation, Commerce And Industry: Cannabis Banking in New York State
- ☐ Cannaware Take Action Summit: How Can We Empower Our Community Through Cannabis?

**June:**

- ☐ Cannabis World Congress & Business Exposition (CWCBE) Conference:
- ☐ Food and Drug Law Institute (FDLI) Cannabis Conference: Assessing Social Equity Initiatives in State Cannabis Programs
- ☐ New School x Brookings Metro: Measuring What Matters: The State of Racial Equity Scoring Nationwide and Applications in New York City
- ☐ Parabola Center: Federal Cannabis Policy Crash Course

**October:**

- ☐ NAACP Mid-Manhattan Branch General Board Meeting
- ☐ Hudson Valley Cannabis RollCall

**August:**

- ☐ Cornell University’s “High-Cannabinoid Cannabis Sativa (Hemp) Field Day”
- ☐ Yale Law Club - Cannabis 2023: Business, Law & Education
- ☐ National Black Business Month 2023: The Business of Cannabis

**September:**

- ☐ NECANN NY - New York Cannabis Convention: Best Practices to Drive a Profitable Cannabis Business in New York
- ☐ Fast Company 9<sup>th</sup> Annual Innovation Festival: Social Equity in Cannabis
- ☐ Medgar Evers College Guest Lecture: Industry DEI Landscape
- ☐ New York Conference of Mayors (NYCOM) Fall Conference

**December:**

- ☐ 2023 Cannabis Regulators Association (CANNRA) Annual Member Meeting
- ☐ New York City Employment and Training Coalition (NYCETC) Annual Conference

## IV. Next Steps

### *Regional Economic Development*

The Office will continue to apply a regional approach to economic development throughout New York State. Creating a mutually beneficial relationship between the cannabis supply chain and New York's ten unique regions remains a goal of the Office. This will be achieved by identifying and enhancing the industrial, geographical and industrial assets that each region features. Strategically investing in these foundational sectors can bolster and reenergize local economies while also growing the skilled workforce within communities. From cultivation to processing labs, distribution hubs, tourism and agritourism initiatives to research and development – the cannabis industry offers a spectrum of opportunities.

The Office will continue to place an emphasis on clustering emerging cannabis businesses across the supply chain, as stated in the SEE Plan. The concentration of complementary cannabis businesses can redirect related resources for cannabis initiatives, resulting in dynamic economic development within already existing tradeable sectors. Small-batch cannabis growers, for example, can benefit from the presence of more craft processors and retailers, thereby attracting more craft cannabis consumers to the area. Clustering and agglomeration can both improve the efficiency with which natural resources and skilled labor are used, as well as enhance the consumer experience. Understanding socioeconomic and geographic advantages can result in effective labor pooling, low transportation costs, increased competition, and knowledge spillover among regions, and eventually the entire state.

Cannabis businesses in New York seek to hire from a diverse, talented, and deep labor pool. As the Empire State's cannabis market matures, it is expected that annual revenue will exceed \$4.5 billion, supporting tens of thousands of jobs. To avoid market saturation and other pitfalls encountered by fellow states' legal markets, the SEE Team recommends a steady, patient pace of adult-use license issuance.

Attracting, training, and tracking a skilled cannabis workforce will be essential. Although the Office, in partnership with New York State's Department of Labor, are tracking cannabis employment figures throughout the state, the federal government continues to ignore plant touching jobs and have yet to assign North American Industry Classification System (NAICS) codes to positions directly relating to cannabis. These job titles may include Cultivator, Trimmer, Extraction Technician, Quality Control Analyst, Security, Delivery Driver, Compliance Specialist, Executive Positions, Administration, etc. It is estimated that the Bureau of Labor Statistics of the United States Department of Labor is omitting over 400,000 full-time equivalent jobs supported by legal cannabis from their database.<sup>1</sup>

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<sup>1</sup> VANGST JOBS REPORT 2023

In order to highlight and promote SEE licensees, the Office is finalizing the release of a unique SEE marketing label that can be displayed on products, storefronts, cultivation and processing facilities, and so on. This collaborative marketing strategy provides branding materials aimed at further legitimizing SEE brands and small businesses and instilling pride in local, community-based producers, retailers, and consumers. This initiative is largely modeled after New York State's Agriculture and Markets Grown & Certified Program, which assures consumers that the products they are purchasing are local, sustainable, and of the highest quality.

The Office will continue to collaborate with REDC advisory groups and Empire State Develop to take advantage of available state grants and funding. The financing and awarding of grants to cannabis-related businesses represents a fundamental shift in the allocation of state resources, ensuring less bureaucracy and greater efficiency in meeting local needs. These collaborations can leverage collective strength, raise consumer awareness, and protect the interests of small cannabis brands, particularly equity licensees.

## ***Furthering Business Support Services***

Consistent with the goals of the Cannabis Law, the Cannabis Hub and Incubator Program (CHIP) will provide licensees with business incubation, wrap around services, research and development, and community organization initiatives aligned with SEE objectives and strategies.

### ***Microbusiness Proforma Tool & Training Program***

The Cannabis Law expressly states that the microbusiness license is intended to promote SEE applicants. The adult-use microbusiness license allows the licensee to cultivate, process, distribute, retail sell, and deliver their own products. A licensed adult-use microbusiness must cultivate as well as engage in at least one other licensed activity, such as processing, distribution, or retail sale.

In order to ensure the success and viability of soon-to-be microbusiness licensees, the Office intends to recruit a financial advisory firm in Q1 2024 to deliver a dynamic financial pro forma template tailored specifically to this innovative small business. Eligible microbusiness licensees will receive a custom financial operating model, ensuring these entrepreneurs have the flexibility to input key operating assumptions and derive clear outputs. The deliverable tool will be a fully dynamic driver-based financial model with revenue, operating costs, capital expenditures, and working capital considerations driven by a detailed assumptions page where the licensee can populate and update assumptions easily and efficiently.

The proposed program will also include five comprehensive educational courses on the following subjects:

1. *Pro Forma 101*: Understanding the benefits of having a pro forma, the information that one typically requires, critical thinking around common inputs, and how to best use a pro forma tool.
2. *Building a Business Plan*: How to draft a business plan, why you need one, what to include, and how best to use one.

3. *Pro Forma 201*: Walking through the template pro forma to explain each tab, the nuances of specific assumptions, where to find the information you need, how to populate it, and how to make use of the tool to raise capital and/or manage your business.
4. *Price Compression and Market Saturation*: Explainer video on these economic concepts and how they will impact the New York adult-use market specifically.
5. *Managing Founder Dilution*: How to retain as much ownership of your company as possible, common pitfalls when raising capital, and a high-level discussion of debt and equity investment.

### ***Investor Outreach & Driving Community Capital.***

The SEE Team has begun preliminary planning for a "Driving Community Capital" outreach and training initiative aimed at expanding New York's cannabis investor ecosystem. The program aims to provide comprehensive insights into vice clauses, cannabis business ROIs, anticipated profit margins, and introductions to common 280E and real estate related issues to New York's statewide Chambers of Commerce, local and regional investment organizations, small business development groups, ESG investors, foundations, and economic development nonprofits.

This initiative's primary goal will be to instill investor confidence and capital infusion into the space. Furthermore, the project seeks to demonstrate how New York's approach to cannabis regulation differs from that of other states. The SEE Team has begun outreach to potential participants and partners, with a program launch scheduled for the first quarter of 2024.

### ***CHIP Growth Centers***

The Office will work towards establishing CHIP Growth Centers in each of the state's ten economic regions in Fiscal Year 2024-25. Based on regional needs, these centers will provide a variety of services such as license application assistance, general and cannabis-specific business development (including a CAURD Accelerator regional expansion), compliance training tailored for heirloom and traditional farmers, and workforce development. Workforce development will be focused on local needs, integrating state and local resources, and will include special programs such as re-entry and childcare assistance.